

**REPORT OF THE AUDIT OF THE  
BULLITT COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BULLITT COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**

The Auditor of Public Accounts has completed the Bullitt County Fiscal Court audit for fiscal year ended June 30, 2003. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Fund balances increased by \$12,135,734 from the beginning of the year, resulting in a cash surplus of \$16,713,819 as of June 30, 2003.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2003, was \$ 886,959. Future collections of \$ 983,907 are needed over the next 5 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$ 25,734,613 as of June 30, 2003. Future principal and interest payments of \$ 38,750,683 are needed to meet these obligations.

#### **Report Comment:**

- Jail Commissary Accounting Records Are Not Adequate

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Kenneth Rigdon, Bullitt County Judge/Executive  
Members of the Bullitt County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Bullitt County, Kentucky, as of June 30, 2003, the statement of cash receipts, cash disbursements, and changes in cash balances - all governmental fund types; the statement of cash receipts, cash disbursements, and changes in cash balances - proprietary fund type; and the related statement of cash flows - proprietary fund type for the year then ended. These financial statements are the responsibility of the Bullitt County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Bullitt County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity of Bullitt County, Kentucky, as of June 30, 2003, the revenues received and expenditures paid, and the cash flows of its enterprise fund for the year then ended in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Kenneth Rigdon, Bullitt County Judge/Executive  
Members of the Bullitt County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2004, on our consideration of Bullitt County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Bullitt County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following report comment:

- Jail Commissary Accounting Records Are Not Adequate

Respectfully submitted,



Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
March 16, 2004



BULLITT COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2003

**Fiscal Court Members:**

Kenneth Rigdon	County Judge/Executive
David Walker	Magistrate
Clifford "Buddy" Shepherd	Magistrate
Ed Bleemel	Magistrate
Dewey McClearn	Magistrate

**Other Elected Officials:**

Walt Sholar	County Attorney
Danny Fackler	Jailer
Nora McCawley	County Clerk
Doris Cornell	Circuit Court Clerk
Paul Parsley	Sheriff
Bruce Johnson	Property Valuation Administrator
Tommy Kappel	Coroner

**Appointed Personnel:**

Stephanie Rigdon	County Treasurer
Larry Stewart	911 Administrator
Raymond Streble	Road Supervisor

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STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

BULLITT COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2003

	<u>Governmental Fund Type</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<u>Assets and Other Resources</u>			
<u>Assets</u>			
Cash and Cash Equivalents	\$ 4,587,747	\$ 12,123,236	\$
Total Assets	<u>\$ 4,587,747</u>	<u>\$ 12,123,236</u>	<u>\$ 0</u>
<u>Other Resources</u>			
Amounts to Be Provided in Future Years For:	\$	\$	\$
Capital Lease (See Note 5)		13,611,377	
Bond Payments (See Note 4)			886,959
Total Other Resources	<u>\$ 0</u>	<u>\$ 13,611,377</u>	<u>\$ 886,959</u>
Total Assets and Other Resources	<u><u>\$ 4,587,747</u></u>	<u><u>\$ 25,734,613</u></u>	<u><u>\$ 886,959</u></u>

The accompanying notes are an integral part of the financial statements.

**BULLITT COUNTY**  
**STATEMENT OF ASSETS, LIABILITIES,**  
**AND EQUITY ARISING FROM CASH TRANSACTIONS**  
**June 30, 2003**  
**(Continued)**

Proprietary Fund Type	Totals (Memorandum Only)
Enterprise	
\$ 13,784	\$ 16,724,767
\$ 13,784	\$ 16,724,767
\$	\$
	13,611,377
	886,959
\$ 0	\$ 14,498,336
\$ 13,784	\$ 31,223,103

The accompanying notes are an integral part of the financial statements.

BULLITT COUNTY  
 STATEMENT OF ASSETS, LIABILITIES,  
 AND EQUITY ARISING FROM CASH TRANSACTIONS  
 June 30, 2003  
 (Continued)

	Governmental Fund Types		
	General	Capital Projects	Debt Service
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Capital Lease (See Note 5)	\$	\$ 25,734,613	\$
Bonds (See Note 4)			886,959
Notes Payable			
Payroll Liabilities	10,948		
Total Liabilities	\$ 10,948	\$ 25,734,613	\$ 886,959
<u>Equity</u>			
Retained Earnings:			
Restricted	\$	\$	\$
Fund Balances:			
Reserved	407		
Unreserved	4,576,392		
Total Equity	\$ 4,576,799	\$ 0	\$ 0
Total Liabilities and Equity	\$ 4,587,747	\$ 25,734,613	\$ 886,959

The accompanying notes are an integral part of the financial statements.

BULLITT COUNTY  
 STATEMENT OF ASSETS, LIABILITIES,  
 AND EQUITY ARISING FROM CASH TRANSACTIONS  
 June 30, 2003  
 (Continued)

<u>Proprietary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	
\$	\$ 25,734,613
	886,959
	<u>10,948</u>
<u>\$ 0</u>	<u>\$ 26,632,520</u>
\$ 13,784	\$ 13,784
	407
	<u>4,576,392</u>
<u>\$ 13,784</u>	<u>\$ 4,590,583</u>
<u>\$ 13,784</u>	<u>\$ 31,223,103</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

BULLITT COUNTY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

For The Fiscal Year Ended June 30, 2003

	General Fund Type			
	General Fund	Road and Bridge Fund	Jail Fund	Local Government Economic Assistance Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 9,028,893	\$ 2,392,830	\$ 734,645	\$ 279,426
Other Financing Sources:				
Lease Proceeds				
Transfers In		757,705	1,194,462	
Total Cash Receipts	\$ 9,028,893	\$ 3,150,535	\$ 1,929,107	\$ 279,426
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 4,708,288	\$ 3,150,535	\$ 1,929,107	\$ 221,926
Other Financing Uses:				
Schedule of Other Expenditures				
Transfers Out	3,048,919			
Bonds:				
Principal Paid				
Interest Paid				
Kentucky Infrastructure Loan:				
Principal Paid				
Interest Paid				
Administrative Fee				
Total Cash Disbursements	\$ 7,757,207	\$ 3,150,535	\$ 1,929,107	\$ 221,926
Excess of Cash Receipts Over Cash Disbursements	\$ 1,271,686	\$	\$	\$ 57,500
Cash Balance - July 1, 2002	2,658,721			588,485
Cash Balance - June 30, 2003	\$ 3,930,407	\$ 0	\$ 0	\$ 645,985

The accompanying notes are an integral part of the financial statements.

BULLITT COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

General Fund Type		
EMS Fund	Forest Fire Protection Fund	911 Fund
\$ 929,795	\$ 2,040	\$ 356,602
638,676		210,032
\$ 1,568,471	\$ 2,040	\$ 566,634
\$ 1,568,471	\$ 1,958	\$ 566,634
\$ 1,568,471	\$ 1,958	\$ 566,634
\$	\$ 82	\$
	325	
\$ 0	\$ 407	\$ 0

The accompanying notes are an integral part of the financial statements.

BULLITT COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

	Capital Projects Fund Type
	<hr/>
<u>Cash Receipts</u>	Capital Projects Fund
	<hr/>
Schedule of Operating Revenue	\$ 107,531
Other Financing Sources:	
Lease Proceeds	18,000,000
Transfers In	<hr/>
Total Cash Receipts	<hr/> \$ 18,107,531 <hr/>
<u>Cash Disbursements</u>	
Comparative Schedule of Final Budget and Budgeted Expenditures	\$
Other Financing Uses:	
Schedule of Other Expenditures	7,306,925
Transfers Out	
Bonds:	
Principal Paid	
Interest Paid	
Kentucky Infrastructure Loan:	
Principal Paid	
Interest Paid	
Administrative Fee	<hr/>
Total Cash Disbursements	<hr/> \$ 7,306,925 <hr/>
Excess of Cash Receipts Over Cash Disbursements	\$ 10,800,606
Cash Balance - July 1, 2002	<hr/> 1,322,630 <hr/>
Cash Balance - June 30, 2003	<hr/> \$ 12,123,236 <hr/>

The accompanying notes are an integral part of the financial statements.

BULLITT COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

Debt Service  
Fund Type

Public Properties Corporation Fund	Totals (Memorandum Only)
\$	\$ 13,831,762
	18,000,000
<u>248,044</u>	<u>3,048,919</u>
<u>\$ 248,044</u>	<u>\$ 34,880,681</u>
\$	\$ 12,146,919
	7,306,925
	3,048,919
135,000	135,000
34,290	34,290
62,787	62,787
15,169	15,169
<u>798</u>	<u>798</u>
<u>\$ 248,044</u>	<u>\$ 22,750,807</u>
\$	\$ 12,129,874
	4,570,161
<u>\$ 0</u>	<u>\$ 16,700,035</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - PROPRIETARY FUND TYPE





BULLITT COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2003

	<u>Enterprise Fund Type</u>
<u>Cash Receipts</u>	<u>Jail Commissary Fund</u>
Receipts - Jail Commissary	\$ 114,933
Total Cash Receipts	\$ 114,933
 <u>Cash Disbursements</u>	
Expenditures - Jail Commissary	\$ 109,073
Total Cash Disbursements	\$ 109,073
Excess of Cash Receipts Over Cash Disbursements	\$ 5,860
Cash Balance - July 1, 2002	7,924
Cash Balance - June 30, 2003	\$ 13,784

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STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE



BULLITT COUNTY  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2003

	<u>Enterprise Fund Type</u>
	<u>Jail Commissary Fund</u>
Cash Flows From Operating Activities:	
Operating Income	<u>\$          5,860</u>
Net Cash Provided By Operating Activities	<u>\$          5,860</u>
Net Increase in Cash and Cash Equivalents	\$          5,860
Cash and Cash Equivalents - July 1, 2002	<u>              7,924</u>
Cash and Cash Equivalents - June 30, 2003	<u><u>\$         13,784</u></u>

BULLITT COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2003

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Bullitt County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Bullitt County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Bullitt County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Bullitt County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Bullitt County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, EMS Fund, Forest Fire Protection Fund, and the 911 Fund.

BULLITT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

3) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Capital Projects Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

4) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Bullitt County Enterprise Fund Type includes the Jail Commissary Fund, which is maintained by the county jailer.

The commissary operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail commissary operations. All profit expenditures were for the benefit and/or recreation of the inmates.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

BULLITT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget

The Bullitt County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund (Debt Service Fund) because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. Formal budget is not adopted for the Capital Projects Fund because contractual provisions have committed the funds placed in the custody of a trustee for disbursement to construction contractors. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.



BULLITT COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2003  
 (Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2003, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

A. Courthouse Annex

As of June 30, 2003, the county was liable for \$535,000 of outstanding bonds issued at various interest rates by Bullitt County Public Properties Corporation Fund. Debt service requirements are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2004	\$ 26,865	\$ 155,000
2005	18,765	145,000
2006	10,800	135,000
2007	2,700	100,000
Totals	<u>\$ 59,130</u>	<u>\$ 535,000</u>

BULLITT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 4. Long-Term Debt (Continued)

B. Landfill Closure

As of June 30, 2003, the county was liable for \$351,959 of outstanding bonds issued at the rate of 3.8% by the Kentucky Infrastructure Authority. Debt service requirements are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2004	\$ 12,761	\$ 65,194
2005	10,260	67,695
2006	7,663	70,292
2007	4,967	72,989
2008	2,167	75,789
Totals	<u>\$ 37,818</u>	<u>\$ 351,959</u>

Note 5. Capital Leases

A. Detention Center

On May 18, 2000, the county entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust (KACOLT) to borrow \$9,000,000 at various interest rates for the construction of the Bullitt County Detention Center. The county will pay 360 monthly installments of varying amounts in accordance with the contract. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2004	\$ 226,263	\$ 150,000
2005	221,099	159,000
2006	216,740	168,000
2007	211,754	178,000
2008	206,803	188,000
2009-2013	941,423	1,122,000
2014-2018	754,390	1,494,000
2019-2023	504,909	1,991,000
2024-2028	175,565	2,409,613
Totals	<u>\$ 3,458,946</u>	<u>\$ 7,859,613</u>

BULLITT COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2003  
 (Continued)

Note 5. Capital Leases (Continued)

B. Judicial Center

On October 16, 2002, the county entered into a capital lease agreement with KACO for the purpose of building a judicial center to house AOC district and circuit court operations and for paying off the property acquisition debt. Proceeds of \$14,000,000 were deposited with a trustee project administrator on October 4, 2002 and the property acquisition debt of \$1,900,000 and accumulated interest was paid off with lease proceeds on October 16, 2002. The term of lease is twenty years. Principal payment requirements and scheduled interest are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2004	\$ 872,785	\$ 236,064
2005	617,318	489,925
2006	594,873	514,651
2007	571,296	540,625
2008	546,529	567,910
2009-2013	2,315,114	3,299,527
2014-2018	1,479,088	4,220,545
2019-2022	426,567	4,130,753
	<u>\$ 7,423,570</u>	<u>\$ 14,000,000</u>

C. Courthouse

On July 16, 2002, the county entered into a capital lease agreement with the KACOLT to borrow \$4,000,000 for the construction of a new courthouse. The county will pay 20 annual installments of varying amounts in accordance with the contract. Principal payment requirements and scheduled interest are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2004	\$ 191,989	\$ 130,000
2005	185,353	135,000
2006	178,360	145,000
2007	170,969	150,000
2008	163,327	155,000
2009-2013	688,545	905,000
2014-2018	434,499	1,135,000
2019-2022	120,512	1,120,000
	<u>\$ 2,133,554</u>	<u>\$ 3,875,000</u>

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



BULLITT COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 8,046,486	\$ 9,028,893	\$ 982,407
Road and Bridge Fund	1,124,255	2,392,830	1,268,575
Jail Fund	532,000	734,645	202,645
Local Government Economic Assistance Fund	325,000	279,426	(45,574)
EMS Fund	775,300	929,795	154,495
Forest Fire Protection Fund	1,100	2,040	940
911 Fund	401,000	356,602	(44,398)
Totals	<u>\$ 11,205,141</u>	<u>\$ 13,724,231</u>	<u>\$ 2,519,090</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 11,205,141
Add: Budgeted Prior Year Surplus	2,250,000
Less: Other Financing Uses	<u>(248,044)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 13,207,097</u>

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SCHEDULE OF OPERATING REVENUE



BULLITT COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

Revenue Categories	Totals (Memorandum Only)	GOVERNMENTAL FUND TYPES	
		General Fund Type	Capital Projects Fund Type
Taxes	\$ 6,242,672	\$ 6,242,672	\$
Excess Fees	294,487	294,487	
Licenses and Permits	664,078	664,078	
Intergovernmental Revenues	4,183,047	4,183,047	
Charges for Services	1,166,257	1,166,257	
Miscellaneous Revenues	1,108,575	1,108,575	
Interest Earned	172,646	65,115	107,531
Total Operating Revenue	<u>\$ 13,831,762</u>	<u>\$ 13,724,231</u>	<u>\$ 107,531</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



BULLITT COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2003

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 2,414,856	\$ 2,059,081	\$ 355,775
Protection to Persons and Property	4,082,412	3,893,776	188,636
General Health and Sanitation	382,154	358,393	23,761
Social Services	24,000	21,591	2,409
Recreation and Culture	306,346	288,883	17,463
Roads	3,228,630	3,177,673	50,957
Bus Service	40,000	37,773	2,227
Debt Service	1,027,041	758,757	268,284
Capital Projects	222,000	103,861	118,139
Administration	1,479,658	1,447,131	32,527
Total Operating Budget - All General Fund Types	\$ 13,207,097	\$ 12,146,919	\$ 1,060,178
Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund-	248,044	248,044	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 13,455,141</u>	<u>\$ 12,394,963</u>	<u>\$ 1,060,178</u>

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SCHEDULE OF CAPITAL PROJECTS FUND EXPENDITURES



BULLITT COUNTY  
SCHEDULE OF CAPITAL PROJECTS FUND EXPENDITURES

For The Fiscal Year Ended June 30, 2003

<u>Expenditure Items</u>	<u>Capital Projects Fund</u>
Detention Center Project:	
Capital Construction	\$      79,477
Lease Payments	866,387
Judicial Center Project:	
Debt Service	1,991,338
Capital Construction	2,235,264
Courthouse Project:	
Capital Construction	2,127,734
Service Fees	<u>6,725</u>
Total	<u><u>\$     7,306,925</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Kenneth Rigdon, Bullitt County Judge/Executive  
Members of the Bullitt County Fiscal Court

**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Bullitt County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated March 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bullitt County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying comment and recommendation.

- Jail Commissary Accounting Records Are Not Adequate

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bullitt County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Governmental Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
March 16, 2004



COMMENT AND RECOMMENDATION



BULLITT COUNTY  
COMMENT AND RECOMMENDATION

For The Fiscal Year Ended June 30, 2003

NONCOMPLIANCE

Jail Commissary Accounting Records Are Not Adequate

Commissary records do not meet the minimum accounting and reporting standards prescribed by the state local finance officer pursuant to KRS 68.210 and published in the Instructional Guide For County Budget Preparation. We recommend regular accounting entries be made via the daily check out sheet, receipts journal and disbursements journal and monthly bank reconciliations be prepared so as to accommodate accurate completion of the Jail Summary and Reconciliation report required to be submitted to the county treasurer annually as prescribed by KRS 441.135.

*Jailer Danny Fackler's Response:*

*A system is in place capable of producing report. In addition, a full-time bookkeeper has been hired to help comply.*

PRIOR YEAR FINDINGS

- Jail Canteen Accounting Records Are Not Adequate - This comment has not been corrected and is repeated

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CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

BULLITT COUNTY FISCAL COURT

For The Fiscal Year Ended  
June 30, 2003

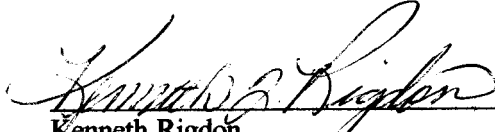
Appendix A

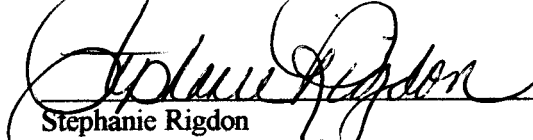


**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**  
**BULLITT COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2003**

The Bullitt County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
Kenneth Rigdon  
County Judge/Executive

  
Stephanie Rigdon  
County Treasurer





